



## **PBMI 2019 Excellence Award Submission**

**Company: Alabama PEEHIP (Public Education Employees' Health Insurance Plan)**

### **Drug Fraud, Waste and Abuse, a Collaborative Approach**

#### **Description**

Understanding there is a finite number of health care dollars combined with an industry riddled with rapidly rising costs of specialty drugs, Alabama PEEHIP continues to be challenged for ways to contain costs. Science is advancing, the specialty drug pipeline is robust, thus leading to the entrance of new drugs to the market that in some cases offer life-saving options that previously were not available. PEEHIP recognizes the need to offer access to these newer therapies for their members, but they must balance their fiduciary responsibility to manage the costs to be able to continue to offer affordable and sustainable health care to their members. As a result, PEEHIP is always looking for innovative ways to control costs.

Financial losses due to health care fraud are estimated to be in the tens of billions of dollars each year. Leveraging data, technology and expertise of their pharmacy consultant, PEEHIP became aware of wasted dollars tied to fraud, waste and abuse specific to drugs being paid for under their pharmacy benefit. It was brought to PEEHIP's attention, a new wave of fraudulent practices, that may have evolved as a result of limits placed on compounding and compounding pharmacies by payers and PBMs. This new wave of FWA schemes include bad actor pharmacies, bad actor prescribers and prescription claims processing undetected resulting in wasted dollars for payers.

PEEHIP partnered with their pharmacy consultant to identify early and quickly FWA-related high cost outlier claims, pharmacies and prescribers that needed addressed. Current FWA programs being offered by PBMs do not seem to be equipped to deal with many of these FWA schemes and they lack effective strategies and solutions to control or limit wasted dollars for plan sponsors.

FWA surveillance requires looking across lots of claims, lots of members and lots of pharmacies to identify these patterns of misuse. To address this complex problem, PEEHIP's pharmacy consultant utilized a team consisting of a FWA expert, data scientist and pharmacist to perform associated rule learning, a type of unsupervised machine learning applied to PEEHIP's paid pharmacy claims. Using a shortlist of suspicious drugs, identified and maintained by PEEHIP's pharmacy consultant, the algorithm parsed through drug claims to flag pharmacies and

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prescribers whose billing habits were questionable. The data is refreshed monthly and the FWA algorithms are applied monthly to identify opportunities quickly and timely.

In order for the information identified to be meaningful and useful, PEEHIP partnered with their medical vendor and PBM to engage the appropriate actions to mitigate wasted dollars as a result of FWA. This collaborative approach allows for sharing FWA information identified with the appropriate vendor to take the appropriate action resulting in any or all the following

- Utilization Management (UM)
  - Implementation of quantity limits to ensure appropriate use
  - Exclusion of high cost low value drugs with clinically equivalent lower cost alternatives
- Prescriber removal from network
- Pharmacy removal from network

Below is an example of the findings when the FWA algorithms were applied to PEEHIP's data.

- Foot Bath Schemes
  - Mupirocin 2% topical cream, also available in Mupirocin 2% topical ointment with a very large difference in price between the two.
  - This is a common product utilized by these suspicious pharmacies offering free foot baths along with several prescription drugs to treat athlete's foot, ingrown toenails, diabetic ulcers or other foot ailments, even before the patient has any of these infections, which it states on its website.
  - Plan paid for 1 tube of the ointment is \$3 vs. \$300 for 1 tube of the cream
  - Clinically there is no difference in effectiveness of cream over the ointment
  - PEEHIP excluded the cream and continues to cover the ointment.
- Suspicious pharmacies and providers – the FWA algorithm identified a few bad-actor pharmacies and prescribers where a large percentage of prescriptions were suspicious.
  - PEEHIP shared the names with the appropriate vendors for investigation and consideration of removing them from their network.

### **Achieved Outcomes**

- PEEHIP agreed with and passed along the recommendations from their pharmacy consultant to be implemented by their PBM
- As part of their investigation of the suspicious pharmacies, the PBM sent out surveys to PEEHIP members who had received prescriptions from these pharmacies. The PBM was shocked at some of the member responses

- *I don't know why I received these drugs*
- *I have never met this doctor*
- *I think this may be fraudulent*
- *I didn't seek treatment for anything*
- The investigation resulted in exclusion of the suspicious pharmacy from their network.
- PEEHIP also shared the FWA findings for suspicious prescribers with their medical vendor who manages their physician network.
  - 2 suspicious prescribers, identified as 100% of the drugs prescribed as suspicious, have been excluded from their network
- PEEHIP implemented appropriate utilization management (UM) either exclusion or quantity limit edits to suspicious drugs which allows for the appropriate use of the drugs but mitigates the fraudulent and egregious quantities and costs.
  - PEEHIP excluded mupirocin cream, which resulted in annual savings of \$200K
- PEEHIP will do a FWA refresh quarterly with their Pharmacy consultant to identify future opportunities.
- PEEHIP has quarterly FWA collaborative meetings scheduled with their PBM, their medical vendor and their pharmacy consultant to share all FWA information identified.

### **Lessons Learned**

- Existing PBM FWA strategies are not equipped to handle this new wave of fraudulent activities.
- Access to data and continued surveillance is needed to stay ahead of the FWA activities.
- Claims start small and escalate quickly, so identification needs to be timely and plan sponsors need to act quickly to contain costs and mitigate wasted dollars.
- Relying on the PBM to stay ahead of may not be optimal.
- Collaboration is needed to implement the solutions.